

VZCZCXRO9982
PP RUEHDE
DE RUEHDM #0149/01 0591620
ZNY SSSSS ZZH
P 281620Z FEB 08
FM AMEMBASSY DAMASCUS
TO RUEHC/SECSTATE WASHDC PRIORITY 4683
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 1396
RUEHAM/AMEMBASSY AMMAN PRIORITY 7245
RUEHAK/AMEMBASSY ANKARA PRIORITY 5481
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0781
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4869
RUEHEG/AMEMBASSY CAIRO PRIORITY 3566
RUEHDO/AMEMBASSY DOHA PRIORITY 0471
RUEHKU/AMEMBASSY KUWAIT PRIORITY 1306
RUEHRH/AMEMBASSY RIYADH PRIORITY 7952
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 2107
RUEHDE/AMCONSUL DUBAI PRIORITY 0173
RUEHIT/AMCONSUL ISTANBUL PRIORITY 0322
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHMFISS/HQ USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/HQ USEUCOM VAIHINGEN GE PRIORITY

S E C R E T SECTION 01 OF 02 DAMASCUS 000149

SIPDIS

SIPDIS

STATE FOR NEA/ELA, EEB/TFS; TREASURY FOR LEVEY/GLASER; NSC
FOR ABRAMS/SINGH/GAVITO

E.O. 12958: DECL: 02/27/2028

TAGS: [ECON](#) [EFIN](#) [EINV](#) [EPET](#) [ETTC](#) [PGOV](#) [SY](#) [KCOR](#)

SUBJECT: MAKHLUF PARNTER DETAILS DAMAGE CONTROL OPS INSIDE
RAMI'S EMPIRE

REF: A. DAMASCUS 146
[1](#)B. DAMASCUS 126
[1](#)C. DAMASCUS 70
[1](#)D. DAMASCUS 54

Classified By: Charge d'Affaires Michael Corbin for reasons 1.4(b,d)

[1](#)1. (S) Summary: An Iraqi-British businessman with extensive dealings in Syria told us that his company is preparing to sever its relationship with Rami Makhluf's Cham Holding Company in an approximately USD 100 million joint venture (in which Cham Holding owns a 65 percent share) in response to the February 21 designation. Reportedly, the Makhluf family and key business contacts are in damage assessment and control mode. In two emergency board meetings, Rami has sought to assure his 60-plus partners in Cham Holding that at most the designation could force the group's six or seven Syrian-American members to sell their interests, but the overall effect would be negligible. The source claimed Rami and his father Muhammad Makhluf are spinning their purported ability to continue negotiations with a Turkish client over SyriaTel and to pursue a USD 100 million deal with Emirati partners as a sign that the designation's effect will be limited. End summary.

CHAM HOLDING BOARD MEETS TWICE

[1](#)2. (S) Gulfsands Petroleum General Manager Mahdi Sajjad (protect) requested to meet with Emboffs February 27 during a two-day stopover between Baghdad and London. Sajjad is well-known in international oil circles and more recently for his efforts in Iraqi reconstruction. His estimations of his knowledge and influence are not always borne out by facts, but he is a long-time business intimate of Rami and his father Muhammad Makhluf and is a credible source on their

activities. Usually ebullient, Sajjad appeared visibly deflated as he probed for specific information regarding the possible consequences of Rami Makhluf's designation. Sajjad claimed to have met with Rami and Muhammad Makhluf the previous night and indicated that, behind the scenes, the Makhlufs were in full damage control mode. According to Sajjad, Rami had already been compelled to twice convene the board of Cham Holding Company since the February 21 designation. Makhluf had reportedly acknowledged that six or seven of the company's partners who held U.S. citizenship might be forced to withdraw from Cham Holding. Rami had nonetheless reassured the remaining 60-plus investors that the AmCits' withdrawal would have little effect on the company's operations. Several of the partners also expressed concern to Rami about their European investments should European banks decide to honor the U.S. sanction. Sajjad also mentioned that Syrian expatriate and AmCit Nick Antakli of the General Motors affiliate INTRACO is planning a trip to Damascus to discuss the designation's impact on his Syrian investments.

MAKHLUFS SPINNING DEALS AS PROOF OF DESIGNATION'S IMPOTENCE

13. (S) According to Sajjad, the Makhlufs claimed they had seen no immediate reluctance on the part of Rami's international partners to proceed with ambitious deals already in progress since news of the designation broke. Sajjad reported the Makhlufs were "spinning" the February 27 signing of an agreement between Cham Holding and the Dubai-based Emaar properties to launch a USD 100 million

DAMASCUS 00000149 002 OF 002

joint venture (Emaar-Syria) for developing commercial real estate in the Damascus suburb of Yafour. (Note: Called the "Eighth Gate Commercial Center," the development will be built in part by the Emirati company Arabtec. End note.) Furthermore, they were claiming that the Turkish GSM company Turkcell is continuing to negotiate with them to purchase a controlling interest in Rami's majority-owned SyriaTel.

GULFSANDS LIKELY TO "OFFICIALLY" SEVER TIES

14. (S) Sajjad said that Gulfsands was uncertain what Rami's designation meant for their own operations. He was making an unscheduled trip back to Washington to consult with his company's attorneys for clarification. Sajjad hoped the designation would not mean more than asking Rami to sell the seven million shares that he held in their company through his Al Mashreq fund, and reconfiguring Rami's personal "consulting" contract.

COMMENT

15. (S) While Sajjad's proclivity for self-promotion may at times cloud his objectivity, his established close relationship with the Makhlufs gives us a credible vignette of the early strains resulting from Rami's designation. This insight into emergency meetings and consultations including a wide swath of the Sunni business community (Rami's Cham Holdings includes representatives from many of Syria's top Sunni merchant families) suggests that the designation is having a deep impact on Syrian business circles.
CORBIN